

TLOU ENERGY LIMITED**18 September 2013**

Key points:

- **Operations continue on the Karoo Central Gas Pilot project;**
- **Selemo 1B horizontally drilling target coal section.**

Note: All times quoted are referenced to Central African Time Zone (CAT) unless otherwise stated

Tlou Energy Limited ("Tlou") advises that drilling of the current horizontal well of the Selemo pod, Selemo 1B, is progressing within the target Morupule Formation coal section at a depth of 768m MD.

The previous week at Selemo 1B involved drilling the 200mm (7-7/8") radius bend section of the hole to land out horizontally in the target Morupule Formation coal seam at ~750m measured depth (MD). The hole was then reamed to 216mm (8 1/2") and the 171mm (7") casing string run and cemented in place. The casing string provides the launch point for drilling the ~750m long horizontal section directionally steered within the coal to intersect the previously drilled Selemo 1P vertical pumping well.

Due to delays experienced drilling the horizontal section of the first well in the program, and taking into account progress in the second well, Tlou estimates the current drilling program will now be completed in early November (approximately one month behind the original schedule).

The Selemo Pod will be completed for production concurrent with drilling the horizontal sections of the Lesedi Pod – the second and final pilot production pod in the current program.

Background on the current drilling program

The current drilling program comprises two horizontal pilot pods called Selemo and Lesedi. Each Pod has a single vertical well (Selemo 1P and Lesedi 1P) with each vertical well having two ~750m horizontal wells drilled to intersect it through the targeted Morupule Coal Seam. For the Selemo Pod, the horizontal wells are designated Selemo 1A-R and Selemo 1B. This approach has proved to be successful in CBM basins in Queensland and will facilitate faster and more efficient dewatering and gas drainage of the targeted coal seam.

As previously reported, the top-hole section on each well was drilled with a smaller Schramm T-130 Rig from DWD. The horizontal sections are being completed in the current (second) drilling phase with the larger DWD Buffalo Rig.

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Testing operations are scheduled to commence in 4Q13 following the installation of pumps in the vertical wells and commissioning of surface testing facilities.

Tlou has been active in Botswana for over three years with approximately US\$40 million having been invested on drilling and testing programs to date by Tlou and the previous operator. This has resulted in over 70 wells drilled along with the acquisition of a comprehensive technical data base. Correspondingly, the Karoo Central project is one of the most advanced CBM projects in southern Africa as a result of this investment.

Anthony (Tony) Gilby
Managing Director
Tlou Energy Limited
Website: www.tlouenergy.com

For further information regarding this announcement please contact:

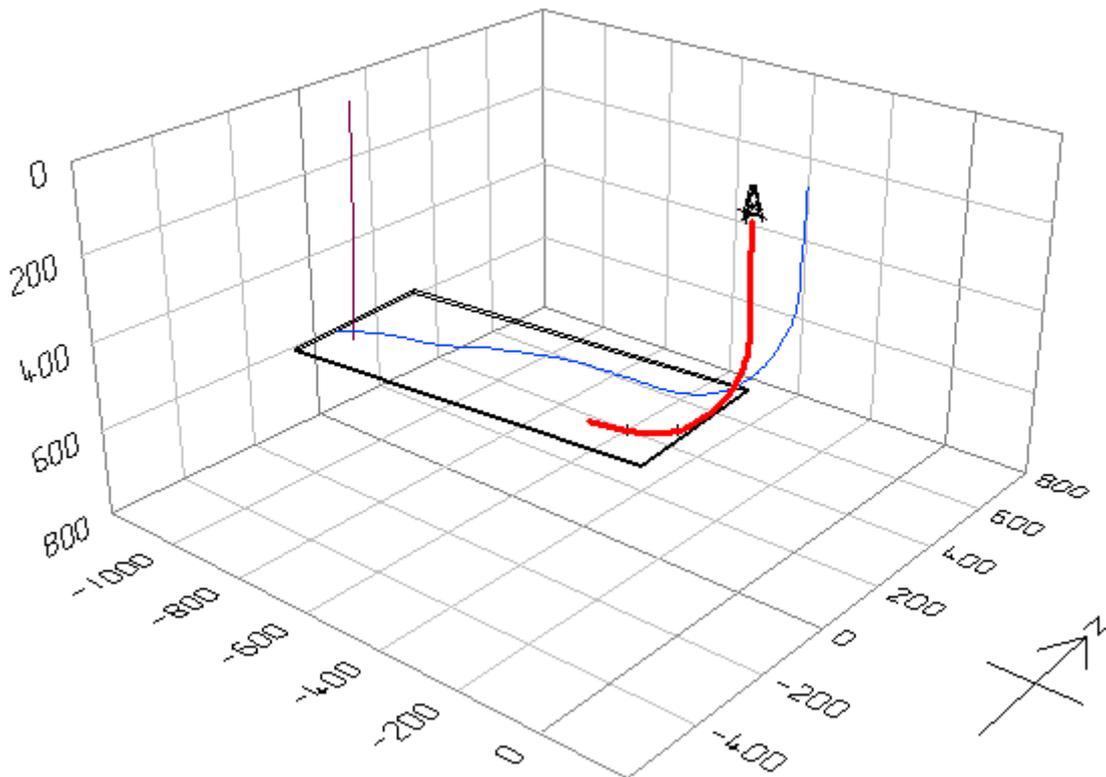
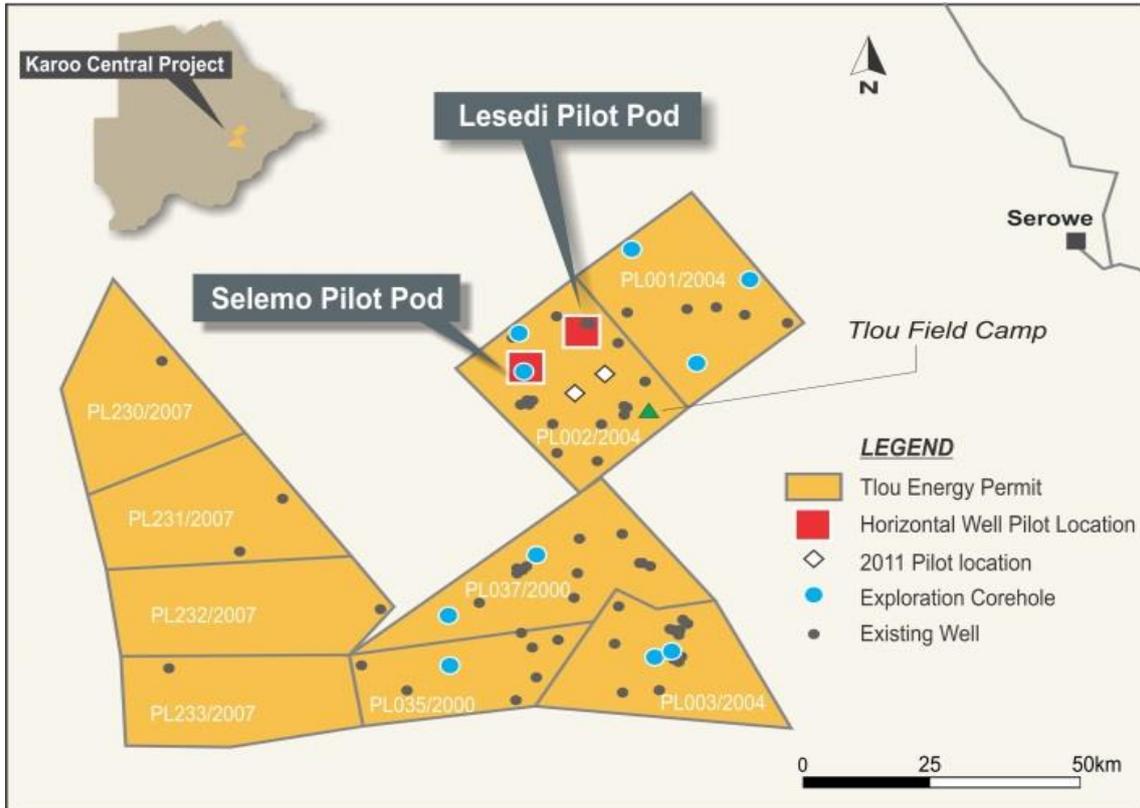
Anthony Gilby
Managing Director
Email: tony.gilby@tlouenergy.com

Stephen Rodgers
Company Secretary
Email: stephen.rodgers@tlouenergy.com

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Current drilling plot